SYSTEMS AND METHODS FOR PERFORMING TWO-WAY ONE-TO-MANY AND MANY-TO-MANY AUCTIONS FOR FINANCIAL INSTRUMENTS

ABSTRACT OF THE DISCLOSURE

5   A switch engine module receive interest rate risk portfolios from a plurality of traders, and for each prospective trader, provides available switches based on positions in other counterparty portfolios that offset the viewing traders' positions. The offsetting positions are encoded with credit preference information in order to identify eligible trades based on both counterparties credit preferences. In particular, an embodiment provides for a switch auction

10   whereby users can use an auction process to trade for forward rate agreement switches with other counterparties, for example, in a two-way or many-to-many auction. In the switch auction, the price is predetermined by the system prior to the auction so that parties can opt out of the transaction if desired. The credit preferences of the participating traders are taken in consideration in making matches.